NOTICE TO SHAREHOLDERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007
(Unaudited and Expressed in US Dollars)

OPEL INTERNATIONAL INC.
(A Development Stage Company)

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Opel International Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2006 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited consolidated financial statements, management is satisfied that these unaudited consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Opel International Inc. have not performed a review of the unaudited consolidated financial statements for the three and nine months ended September 30, 2007 and September 30, 2006.

OPEL INTERNATIONAL INC.
(Formerly Tandem Resources Ltd.)
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(Unaudited and Expressed in US Dollars)

	September 30, 2007	December 31, 2006
Assets		
Current		
Cash	**$ 8,020,864**	$ 117,022
Unbilled accounts receivables	**163,774**	156,657
Inventory	**355,080**	-
Prepaids and other current assets	**112,718**	37,700
Marketable securities (Note 4)	**2,951**	17,961
	8,655,387	329,340
Other assets	**17,312**	25,046
Equipment	**206,417**	239,518
Patents and licences (Note 12)	**260,447**	175,503
Deferred financing costs (Note 5)	**-**	343,675
	$ 9,139,563	$ 1,113,082
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 300,151**	$ 602,189
Notes payable to related parties (Note 5)	**-**	14,000
	300,151	616,189
Shareholders' Equity		
Share capital (Note 6(b))	**10,665,454**	2,368,854
Special voting share (Note 6(c))	**100**	-
Special warrants and shares to be issued (Note 9)	**1,587,408**	1,433,408
Warrants (Note 7)	**3,005,570**	232,454
Contributed surplus (Note 8)	**906,625**	229,577
Deficit	**(7,325,745)**	(3,767,400)
	8,839,412	496,893
	$ 9,139,563	$ 1,113,082

OPEL INTERNATIONAL INC.
(Formerly Tandem Resources Ltd.)
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited and Expressed in US Dollars)

	Three Months Ended September 30, **2007**	Three Months Ended September 30, 2006	Nine Months Ended September 30, **2007**	Nine Months Ended September 30, 2006	Cumulative from inception on December 29, 2000 to September 30, 2007
Sales	**$ 233,795**	$ 310,080	**$ 722,370**	$ 908,663	$ 4,662,191
Expenses					
Research and development	**400,543**	264,821	**976,345**	954,255	4,409,784
General and administration (note 9)	**1,501,113**	398,704	**3,315,666**	1,372,523	7,327,381
Interest expense	**-**	20,191	**125,613**	61,447	384,873
Other (income) expense	**(114,457)**	1,029	**(136,909)**	(1,500)	(134,102)
	1,787,199	684,745	**4,280,715**	2,386,725	11,987,936
Net loss	**(1,553,404)**	(374,665)	**(3,558,345)**	(1,478,062)	(7,325,745)
Deficit, beginning of period	**(5,772,341)**	(2,562,147)	**(3,767,400)**	(1,458,750)	-
Deficit, end of period	**$ (7,325,745)**	$ (2,936,812)	**$ (7,325,745)**	$ (2,936,812)	$ (7,325,745)
Basic and diluted loss per share (Note 10)	**$ (0.05)**	$ (0.04)	**$ (0.12)**	$ (0.16)	

OPEL INTERNATIONAL INC.
(Formerly Tandem Resources Ltd.)
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and Expressed in US Dollars)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Cumulative from inception on December 29, 2000 to September 30, 2007
CASH (USED IN) PROVIDED BY					
OPERATING ACTIVITIES					
Net loss	**$ (1,553,404)**	$ (374,665)	**$ (3,558,345)**	$ (1,478,062)	$ (7,325,745)
Adjustment for:					
Amortization of equipment	**22,810**	21,134	**66,798**	63,403	366,010
Amortization of patents and licences	**6,129**	3,908	**15,056**	11,723	67,351
Other (income) expense	**(600)**	-	**688**	-	3,502
Stock option compensation	**463,028**	(2,508)	**677,048**	81,868	906,625
Listing delay penalty (Note 9)	**-**	-	**432,000**	-	648,000
	(1,062,037)	(352,131)	**(2,366,755)**	(1,321,068)	(5,334,257)
Net change in non-cash working capital:					
Unbilled accounts receivable	**2,701**	50,493	**(7,117)**	(30,837)	(147,721)
Inventory	**(355,080)**	-	**(355,080)**	-	(355,080)
Prepaid and other assets	**(61,319)**	-	**(66,962)**	(35,000)	(101,768)
Deferred financing costs	**-**	-	**343,675**	-	-
Accounts payable and accrued liabilities	**(74,447)**	9,528	**(221,960)**	102,815	357,618
	(1,550,182)	(292,110)	**(2,674,199)**	(1,284,090)	(5,581,208)
INVESTING ACTIVITIES					
Purchase of furniture and equipment	**(32,107)**	-	**(33,697)**	(161,023)	(572,427)
Purchase of patents and licences	**-**	-	**(100,000)**	-	(327,798)
Cash acquired on reverse takeover	**-**	-	**-**	-	51,781
	(32,107)	-	**(133,697)**	(161,023)	(848,444)
FINANCING ACTIVITIES					
Repayment of notes payable to related parties	**-**	-	**-**	(5,000)	(5,000)
Proceeds from notes payable to related parties	**-**	-	**2,000,000**	-	3,634,295
Issue of common shares for cash, net of issue costs	**4,395**	49,932	**8,711,638**	(481,268)	10,821,121
Issue of special voting share	**-**	-	**100**	-	100
	4,395	49,932	**10,711,738**	(486,268)	14,450,516
NET CHANGE IN CASH	**(1,577,894)**	(242,178)	**7,903,842**	(1,931,381)	8,020,864
CASH, beginning of period	**9,598,758**	470,799	**117,022**	2,160,002	-
CASH, end of period	**$ 8,020,864**	$ 228,621	**$ 8,020,864**	$ 228,621	$ 8,020,864

OPEL INTERNATIONAL INC.
(Formerly Tandem Resources Ltd.)
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited and Expressed in US Dollars)

	Shares issued and subscribed		Special Voting	Warrant	Contributed	Special Warrants and Shares to	Accumulated	
	# of Shares	Share Value	Share	Value	Surplus	be issued	deficit	Total
Balance from inception on December 29, 2000 to December 31, 2003	1,760,537	$ 17,581,747	$ -	$ -	$ -	$ -	$(17,141,204)	$ 440,543
Shares issued on under private placement	100,000	86,000	-	-	-	-	-	86,000
Loss for the year	-	-	-	-	-	-	(393,850)	(393,850)
Balance at December 31, 2004	1,860,537	17,667,747	-	-	-	-	(17,535,054)	132,693
Issued for cash under private placement	5,037,500	2,518,750	-	-	-	-	-	2,518,750
Issued for repayment of advances from director	170,000	85,000	-	-	-	-	-	85,000
Black Scholes value of warrants on private placement	-	(922,255)	-	922,255	-	-	-	-
Issued for assignment of promissory notes and receivables	3,508,021	1,754,011	-	-	-	-	-	1,754,011
Black Scholes value of warrants issued on assignment	-	(621,308)	-	621,308	-	-	-	-
Loss for the year	-	-	-	-	-	-	(174,151)	(174,151)
Balance at December 31, 2005	10,576,058	20,481,945	-	1,543,563	-	-	(17,709,205)	4,316,303
Issued for cash under private placement, net of issue costs	792,500	396,250	-	-	-	-	-	396,250
Black Scholes value of warrants on private placement	-	(136,466)	-	136,466	-	-	-	-
Elimination of share capital of Tandem Resources LTD.	-	(20,741,729)	-	(1,680,029)	-	-	17,709,205	(4,712,553)
Share capital and equity carried forward on reverse takeover	-	5,972	-	-	229,577	-	(1,458,750)	(1,223,201)
Acquisition of net assets, net of issue costs (Note 2)	-	3,632,744	-	-	-	-	-	3,632,744
Black Scholes value of warrants assumed on RTO	-	(165,000)	-	165,000	-	-	-	-
Shares to be issued (Note 9)	-	(1,217,408)	-	-	-	1,217,408	-	-
Issued for cash under private placement	333,333	180,000	-	-	-	-	-	180,000
Black Scholes value of warrants on private placement	-	(67,454)	-	67,454	-	-	-	-
Listing delay penalty shares to be issued	-	-	-	-	-	216,000	-	216,000
Loss for the year	-	-	-	-	-	-	(2,308,650)	(2,308,650)
Balance at December 31, 2006	11,701,891	2,368,854	-	232,454	229,577	1,433,408	(3,767,400)	496,893
Common shares issued, net of issue costs	17,509,965	8,711,438	-	-	-	-	-	8,711,438
Special voting share issued	-	-	100	-	-	-	-	100
Common shares issued on conversion of convertible debenture	4,075,000	1,630,000	-	-	-	370,000	-	2,000,000
Common shares issued on the exercise of stock options	200,000	200	-	-	-	-	-	200
Common shares issued on interest conversion	200,196	80,078	-	-	-	-	-	80,078
Listing delay penalty shares to be issued	-	-	-	-	-	432,000	-	432,000
Listing delay penalty shares issued	1,560,000	648,000	-	-	-	(648,000)	-	-
Valuation of warrants	-	(2,262,623)	-	2,262,623	-	-	-	-
Valuation of broker warrants	-	(510,493)	-	510,493	-	-	-	-
Stock option compensation	-	-	-	-	677,048	-	-	677,048
Loss for the period	-	-	-	-	-	-	(3,558,345)	(3,558,345)
Balance at September 30, 2007	35,247,052	$ 10,665,454	$ 100	$ 3,005,570	$ 906,625	$ 1,587,408	$ (7,325,745)	$ 8,839,412

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Opel International Inc. (formerly Tandem Resources Ltd.) (the "Company"), incorporated in the Province of Ontario and continued in the Province of New Brunswick on January 30, 2007, is a development stage company whose shares trade on the TSX Venture Exchange under the symbol “OPL".

The Company designs, manufactures and markets high performance concentrating photovoltaic products to transform solar energy into electricity for worldwide application and designs infrared sensor type products for military and industrial applications.

Opel is also developing gallium arsenide based processes and semi-conductor microchip products for use in its solar and infrared sensor products. The Company’s research and development (“R&D”) relate to the commercialization of smart solar microchips, optical lasers and infrared detection microchips using Planar Opto-Electronic Technology (“POET”).

Additionally, the Company provides R&D services under "fixed price" and "cost plus" contracts to the US Department of Defense relating to preparing documentation on feasibility and/or developing product prototypes.

2. REVERSE TAKEOVER AND NAME CHANGE

On September 26, 2006, the shareholders of the Company approved a reverse takeover ("RTO") transaction with Opel Inc. a private, technology company incorporated under the laws of Delaware.

Under the terms of the RTO transaction, that commenced on December 30, 2005, the Company purchased newly issued Class A common shares from the treasury of Opel Inc. and purchased promissory notes payable by Opel Inc. from note holders in exchange for private placement units. Effective with the approval of the RTO, the holders of Opel Inc's. 5,972,000 common shares, being all the shares not owned by the Company, were given the right to exchange each common share held in Opel Inc. into one common share of the Company. This was evidenced by the cancellation of all the common shares of Opel Inc. and the issuance of Exchangeable Shares of Opel Inc. (the “Exchangeable Shares”) to the same holders, which was completed subsequent to December 31, 2006. The Exchangeable Shares cannot be transferred or sold unless exchanged into common shares of the Company. The effect of this share exchange along with other common shares of the Company held by shareholders of Opel Inc. and the effective control of the management of the Company by Opel Inc. resulted in the transaction being accounted for as a RTO. The RTO was accounted for as a capital transaction as the Company did not meet the definition of a business.

The comparative figures presented in the consolidated financial statements are those of Opel Inc.

The net assets acquired by the Company in the RTO at estimated fair values were as follows:

Cash	$ 51,781
Other current assets	38,201
Other assets	26,849
Investment and loan receivable	4,579,969
Accounts payable	(22,412)
	4,674,388
Transaction cost	(1,041,644)
	$ 3,632,744

2. REVERSE TAKEOVER AND NAME CHANGE (Continued)

In order to complete the RTO, the Company provided holders of the 5,972,000 Opel Inc. Exchangeable Shares with voting rights at the Company level pending exchange or redemption of the Exchangeable Shares and a special voting share of the Company was created and issued to a Trustee on behalf of holders of the Exchangeable Shares. The special voting share carries a number of votes equal to the number of Exchangeable Shares outstanding. (Note 6(c))

In conjunction with the RTO on September 26, 2006, the Company changed its name to Opel International Inc. and consolidated its shares on a 1:20 basis. The consolidation resulted in a reduction in the number of shares outstanding by 216,000,178. Unless otherwise stated, all information related to common shares, stock options and warrants have been retroactively adjusted to reflect this share consolidation.

The Company also agreed to assume, on substantially the same terms and conditions the 660,000 outstanding share purchase warrant and 3,030,000 stock options of Opel Inc. During the period, the 660,000 warrants were cancelled and reissued as warrants of the Company.

During the Period, the Company's application for a listing on the TSX Venture was approved and trading commenced on June 26, 2007 under the symbol “OPL”.

3. ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

Operating results for the nine months period ended September 30, 2007 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2007. The consolidated balance sheet at December 31, 2006 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2006. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2006.

<u>New Accounting Policy</u>

Inventory

Inventory consists of solar panels produced to the Company's specifications. Inventory is stated at the lower of cost, determined by the first-in, first-out method or market.

3. ACCOUNTING POLICIES (continued)

Financial Instruments, Comprehensive Income (Loss), and Hedges

Effective January 1, 2007, the Company has adopted the provisions of the following new CICA Handbook Sections:

(a) Section 3855 “Financial Instruments – Recognition and Measurement”

This section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under the new standard, all financial instruments will be classified as one of the following: Held-to-maturity; Loans and receivables, Held-for-trading; or Available-for-sale. Financial assets and liabilities held-for-trading will be measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, will be measured at amortized cost. Available-for-sale financial instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits designation of any financial instrument as held-for-trading on initial recognition.

(b) Section 1530 “Comprehensive Income” and Section 3251 “Equity”

These sections describe standards for reporting and disclosing comprehensive income, its components and related changes in equity. Comprehensive income includes net income as well as changes in equity during a period from transactions and events from non-owner sources, such as unrealized gains or losses on available-for-sale financial instruments. As a result of adopting this standard, comprehensive income will now be disclosed in the consolidated financial statements.

(c) Section 3861 “Financial Instruments – Disclosure and Presentation”

The Company's financial instruments include cash, accounts receivable, marketable securities, accounts payable, notes payable and notes payable to related parties. Upon adoption of these new standards, the Company designated its cash as held-for-trading, its accounts receivable as loans and receivables, and its account payable and accrued liabilities, notes payable and notes payable to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their short term nature. The Company had no held-to-maturity or available-for-sale financial assets during the nine months ended September 30, 2007 . In management's opinion the Company is not exposed to significant interest rate, currency exchange rate or credit risk arising from these financial instruments. The Company is not exposed to derivative financial instruments.

Comprehensive income represents the change in shareholders’ equity from transactions and other events from non-owner sources. Other comprehensive income refers to items that are recognized in comprehensive income but excluded from net income calculated in accordance with generally accepted accounting principles until such time as it is considered appropriate to recognize them in net income. The Company had no “other comprehensive income or loss” transactions during the nine months ended September 30, 2007 and no opening or closing balances of accumulated other comprehensive income or loss.

Impact Upon Adoption of These Sections

The adoption of this new accounting policy resulted in an adjustment to marketable securities considered to be held-for-trading. The adjustment resulted in a current period gain of $1,438. A transition adjustment was not required.

3. ACCOUNTING POLICIES (continued)

Future Accounting Changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual financial statements for the Company's reporting period beginning on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

4. MARKETABLE SECURITIES

	Shares	Market Value	2006
Tribute Minerals Inc.	4,476	$ 1,183	$ 304
Yangarra Resources Inc.	3,578	510	289
Titanium Corporation Inc.	595	1,258	457
Richmond Minerals Inc. (1)	-	-	16,691
Other	-	-	220
Balance, September 30, 2007	8,649	$ 2,951	$ 17,961

(1) These shares were pledged as collateral against a $13,220 loan from a director. (Note 5)

5. NOTES PAYABLE TO RELATED PARTIES

On October 30, 2006, a Director loaned $13,220 to the Company for a period ending April 30, 2007 at an interest rate of prime plus 1%. A loan agreement was entered into with the Company and 200,000 shares of Richmond Minerals Inc. (the "Richmond Shares") were pledged as collateral. The lender ceased to be a director on January 30, 2007. In July 2007, the lender agreed to keep the Richmond shares as full settlement of the principal and interest portion of the loan.

5. NOTES PAYABLE TO RELATED PARTIES (continued)

On January 30, 2007, the Company closed a convertible debenture financing of $2,000,000 which had been committed by an investor in early December. The investor was considered a related party by virtue of holding greater than 20% of the voting securities of the Company at the time of the transaction. The debenture matures January 30, 2009, pays interest at the rate of 1% per month, and upon completion of a minimum of $5,500,000 equity financing and listing on a Canadian exchange, was convertible at the option of the lender into either a special warrant or units at $0.40 per unit, each unit will comprise one common share of the Company and one-half common share purchase warrant to purchase additional shares at $0.60 per share for a period of 3 years from the date of conversion.

As compensation for securing the $2,000,000 financing, IBK Capital (the "Agent") was paid a commission of $200,000 and was issued 500,000 broker warrants, exercisable into common shares of the Company at a price of $0.40 until June 5, 2009. The 500,000 broker warrants were valued at $81,500. The broker warrants were valued using the Black-Scholes option pricing model using the following assumptions; risk-free interest rate of 4.74%, volatility factor of 70%, dividend yield of 0% and an expected life of 2 years.

On June 26, 2007, $1,630,000 of the convertible debenture was converted into 4,075,000 shares and 2,037,500 warrants of the Company and $370,000 was converted into 925,000 special warrants and 462,500 warrants of the Company. Each special warrant is exchangeable into one common share of the Company at no additional cost to the holder. Each warrant is exercisable into common shares of the Company at a price of $0.60 per common share until June 25, 2010. The 2,500,000 warrants were valued at $382,500.

Accrued interest on this debenture totaled $98,551. Of this amount $80,078 was converted into 200,196 shares and 100,098 warrants of the Company during the period and $18,473 was paid in cash. Each warrant is exercisable into common shares of the Company at a price of $0.60 until June 25, 2010. The 100,098 warrants were valued at $15,314.

The 2,600,098 warrants were valued using the Black-Scholes option pricing model using the following assumptions; risk-free interest rate of 4.74%, volatility factor of 70%, dividend yield of 0% and an expected life of 3 years.

6. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of special voting shares

Unlimited number of common shares

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, December 31, 2006	11,701,891	$ 2,368,854
Common shares issued for cash	17,509,965	10,505,979
Issued on conversion of convertible debenture (Note 5)	4,075,000	1,630,000
Issued on the exercise of stock options	200,000	200
Share issue costs	-	(1,794,541)
Value assigned to warrants	-	(2,262,623)
Value assigned to broker warrants	-	(510,493)
Issued on interest conversion (Note 5)	200,196	80,078
Listing delay penalty shares Issued	1,560,000	648,000
Balance, September 30, 2007	35,247,052	$10,665,454

During the period, the Company completed the following private placement financings:

March 9, 2007, 2,695,000 units at a price of $0.60 per unit for gross proceeds of $1,617,000. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until March 9, 2010. The Agent was paid a commission of $161,700 in cash and received 269,500 broker warrants to purchase common shares of the Company at a price of $0.60 until June 6, 2009. This private placement was closed in escrow on March 9, 2007 and the funds were released to the Company on June 26, 2007.

March 26, 2007, 5,641,370 units at a price of $0.60 per unit for gross proceeds of $3,384,822. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until March 26, 2010. The Agent was paid a commission of $564,137 in cash and received 338,485 broker warrants to purchase common shares of the Company at a price of $0.60 until June 5, 2009. 1,761,700 of these units closed in escrow on March 26, 2007 and the proceeds of $1,057,020 were released to the Company on June 26, 2007.

April 11, 2007, 1,384,000 units at a price of $0.60 per unit for gross proceeds of $830,400. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until April 11, 2010. The Agent was paid a commission of $83,040 in cash and received 138,400 broker warrants to purchase common shares of the Company at a price of $0.60 until June 6, 2009. 1,225,000 of these units closed in escrow on April 11, 2007 and the proceeds of $735,000 were released to the Company on June 26, 2007

May 11, 2007, 6,445,300 units at a price of $0.60 per unit for gross proceeds of $3,867,180. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until May 11, 2010. The Agent was paid a commission of $386,718 in cash and received 644,530 broker warrants to purchase common shares of the Company at a price of $0.60 until May 11, 2009.

6. SHARE CAPITAL (continued)

May 28, 2007, 1,344,295 units at a price of $0.60 per unit for gross proceeds of $806,577. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until May 28, 2010. The Agent was paid a commission of $80,658 in cash and received 134,429 broker warrants to purchase common shares of the Company at a price of $0.60 until May 28, 2009.

The 8,754,983 warrants and 1,750,998 broker warrants were valued at $1,864,809 and $428,993 respectively. The warrants were valued using the Black-Scholes option pricing model using the following assumptions; risk-free interest rate of 4.74%, volatility factor of 70%, dividend yield of 0% and an expected life of 3 years and 2 years for the broker warrants.

On June 25, 2007, the Company issued, as liquidated damages, 1,560,000 shares (the “penalty shares”) to the Tranche 1 private placement investors arising from the Company not having obtained a listing on the TSX Venture Exchange by May 31, 2006. The Company was obligated to issue 120,000 shares for each month the Company remained unlisted. Of these shares, 480,000 had accrued to the date of the RTO and the related value of that capital was eliminated as part of the RTO accounting. The remaining 1,080,000 shares that accrued since the RTO were valued at $648,000 and have been charged to general and administration expense. General and administrative expense for the nine months ended September 30, 2007 includes a charge of $432,000 for the 720,000 accrued during the period.

(c) SPECIAL SHARES ISSUED

	Number of Shares	Amount
Balance, December 31, 2006	-	$ -
Special voting shares issued for cash	1	100
Balance, September 30, 2007	1	$ 100

On June 5, 2007, one (1) special voting share was issued in conjunction with a Support and Trust Agreement entered into amongst the Company, OPEL Inc. and Equity Transfer & Trust Company. The special voting share carries 5,972,000 votes (Note 2).

7. WARRANTS

The following table reflects the continuity of warrants:

	Average exercise price	Number of warrants	Black-Scholes value
Balance, December 31, 2006	$ 0.73	10,368,021	$ 232,454
Issued	0.85	13,606,079	2,773,116
Balance, September 30, 2007	$ 0.75	23,974,100	$ 3,005,570

7. WARRANTS (Continued)

As at September 30, 2007 the following warrants were outstanding:

	Number of Warrants	Fair Value ($)	Exercise Price ($)	Expiry Date
	9,508,021	-	0.75	December 30, 2008
Broker warrants	660,000	165,000 (1)	0.50	December 30, 2008
Broker warrants	644,530	157,910	0.60	May 11, 2009
Broker warrants	134,430	32,934	0.60	May 28, 2009
Broker warrants	584,070	143,097	0.60	June 5, 2009 (2)
Broker warrants	387,967	95,052	0.60	June 5, 2009 (2)
Broker warrants	33,333	11,128	0.60	June 5, 2009 (2)
Broker warrants	500,000	81,500	0.40	June 5, 2009 (2)
	166,667	56,326	0.75	November 20, 2009
	1,347,500	287,018	1.00	March 9, 2010
	2,820,685	600,806	1.00	March 26, 2010
	692,000	147,396	1.00	April 11, 2010
	3,222,650	686,420	1.00	May 11, 2010
	672,149	143,168	1.00	May 28, 2010
	2,600,098	397,815	0.60	June 25, 2010
	23,974,100	3,005,570		

(1) Refer to note 2

(2) During the Period, the expiry dates of some of these warrants were abridged in order to conform with the policies of the TSX Venture Exchange relating to broker warrants. Previously 33,333 warrants were expiring on November 20, 2009, 500,000 on January 30, 2010, 387,967 on March 26, 2010 and 15,900 on April 11, 2010.

8. STOCK OPTIONS AND CONTRIBUTED SURPLUS

On July 27, 2007, the Company’s 10% rolling stock option plan (the "Rolling Plan") under which the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants, was ratified by the Company’s shareholders for the ensuing year. The Plan provides that the number of common shares issuable pursuant to options granted under the Plan and pursuant to other options previously granted is limited to a maximum of 10% of the issued and outstanding voting shares at the time of the grant. The options granted under the plan generally vest immediately upon issuance, however, the directors may, at their discretion, specify a longer vesting period.

8. STOCK OPTIONS AND CONTRIBUTED SURPLUS (continued)

On September 21, 2007, the directors of the Company approved a new 20% vesting stock option plan (the "New Plan") and fixed the number of shares issuable under the New Plan (the “Number Reserved”) at 18,200,000 subject to completion of a proposed private placement financing (the “Financing”). The TSX Venture Exchange (“TSXV”) has conditionally approved the New Plan subject to the approval of the disinterested shareholders of the Company and the reduction of the Number Reserved to the maximum allowable, being 20% of the number of issued and outstanding voting shares after completion of the Financing. Under the New Plan, the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants. The Plan provides that the number of common shares issuable pursuant to options granted under the New Plan and pursuant to other options previously granted is limited to the Number Reserved at the time of the grant. Any increase in the Number Reserved must be ratified by shareholders of the Company and cannot exceed 20% of the number of issued and outstanding. The options under the New Plan generally vest 25% immediately and 25% every six months from the date of issue, however, the directors may, at their discretion, specify a longer vesting period.

An aggregate of 3,166,000 stock options were granted under the New Plan, subject to the aforesaid approvals and further subject to a prohibition on exercise until shareholders’ approval has been obtained.

If the New Plan is not approved by shareholders, the Rolling Plan will be reinstated and the number of options granted under the New Plan will be reduced such that the number of stock options outstanding does not exceed 10% of the issued and outstanding voting shares of the Company at the time of the shareholder’s meeting.

Stock option transactions and the number of stock options outstanding are as follows:

	Number of stock options	Weighted average exercise price ($)
Opening Balance	3,045,000	0.16
Options exercised	(200,000)	0.001
Options expired	(15,000)	1.66
Options granted	3,986,000	0.88
Ending balance	6,816,000	0.58

8. STOCK OPTIONS AND CONTRIBUTED SURPLUS (continued)

Details of the stock options outstanding at September 30, 2007 were as follows:

Value ($)	Exercisable Options	Number of Options	Exercise Price ($)	Expiry Date
-	1,600,000	1,600,000	0.001	March 14, 2010
76,906	310,000	310,000	0.50	March 15, 2011 (1)
4,962	20,000	20,000	0.50	June 26, 2011 (1)
49,237	300,000	300,000	0.50	September 30, 2011
60,885	165,000	305,000	0.60	April 26, 2012
32,824	200,000	200,000	0.25	May 15, 2012
65,648	400,000	400,000	0.25	May 18, 2012
143,910	390,000	465,000	0.60	May 24, 2012
9,225	25,000	50,000	0.60	June 22, 2012
463,028	791,500	3,166,000	0.95	September 21, 2012
906,625	4,201,500	6,816,000		

(1) During the Period, the expiry dates of these options were abridged by 2 years in order to conform with the policies of the TSX Venture Exchange

During the period the Company granted the following stock options to directors, officers, employees and consultants of the Company to purchase common shares at an average exercise price of $0.88 per share:

Date	Number of options	Expiry
April 26, 2007	305,000	April 26, 2012
May 24, 2007	465,000	May 24, 2012
June 22, 2007	50,000	June 22, 2012
September 21, 2007	3,166,000	September 21, 2012
	3,986,000	

Of the 3,986,000 stock options granted during the Period, 1,371,500 vested immediately upon grant, 240,000 will vest on December 31, 2007, 791,500 on March 21, 2008, September 21, 2008 and March 21, 2009.

The stock options were valued using the Black-Scholes option pricing model using the following assumptions; risk-free interest rate of 4.74%, volatility factor of 70%, dividend yield of 0% and an expected life of 5. The value assigned to the stock options was $2,154,690. During the period, $677,048 relating to vested stock options were charged to stock option compensation and credited to contributed surplus. The remaining $1,477,642 will be charged to stock option compensation when the options vest.

8. STOCK OPTIONS AND CONTRIBUTED SURPLUS (continued)

The following table reflects the continuity of contributed surplus:

		Amount
Balance, December 31, 2006	$	229,577
Stock compensation		677,048
Balance, September 30, 2007	$	906,625

9. SHARES TO BE ISSUED

Pursuant to the RTO agreement, the Company is obligated to issue 5,972,000 shares to common shareholders of Opel Inc. in exchange for their 5,972,000 Exchangeable Shares of Opel Inc. The net acquisition of Tandem has been apportioned as at the RTO date based on the number of shares issued including the reserve of 5,972,000 shares to be issued after giving effect to the 480,000 penalty shares that had accrued to the date of the RTO. The value ascribed to the 5,972,000 shares to be issued was $1,217,408.

On June 25, 2007, the Company issued 925,000 special warrants at a price of $0.40 per special warrant exercisable into 925,000 common shares of the Company. The special warrants maybe exercised at no additional cost to the investor for a period of 3 years, expiring June 25, 2010. The special warrants are valued at $370,000 and are included in shares to be issued.

10. PER SHARE AMOUNTS

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Numerator				
Net loss	**$(1,553,404)**	$ (374,665)	**$ (3,558,345)**	$ (1,478,062)
Denominator				
Weighted average number of common shares outstanding	**31,936,702**	9,480,021	**30,936,634**	9,480,021
Weighted average number of common shares outstanding - diluted	**39,848,729**	9,480,021	**34,191,981**	9,480,021
Basic and diluted loss per share	**$ (0.05)**	$ (0.04)	**$ (0.12)**	$ (0.16)

The denominator includes the 6,897,000 of shares to be issued (refer to note 9).

The effect of common share purchase options, warrants, broker warrants and shares to be issued on the net loss in 2007 and 2006 is not reflected as it is anti-dilutive.

11. LEASES

The Company has operating leases for office and research facilities. The lease for office facilities was entered into in 2006; the lease for the research facility was entered into in 2005 and amended in 2006.

Rent expense under these leases was $48,071 and $18,191 for the nine and three month periods ended September 30, 2007 and $20,700 and $6,900 for the same periods in 2006 respectively. Further, as of September 30, 2007, the remaining minimum annual rental payments to the lease expiration dates were:

2008	$ 36,582
2009	32,592
2010	32,592
2011	20,370
	$ 122,136

12. LICENSE AGREEMENT WITH RELATED PARTY

The Company has a license agreement with a related party (the University of Connecticut) for certain intellectual property (the "Intellectual Property"). The license agreement expires when the last patent included in the Intellectual Property expires or otherwise becomes invalid. Effective April 23, 2007, the Company paid $100,000 to convert the original license agreement into an irrevocable license. The amount paid will be amortized based on the greater of the units sold compared to the expected units to be sold under the license or the amount determined by the straight-line method over the estimated useful life of the license.